

AMENDED IN ASSEMBLY APRIL 20, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1045**

**Introduced by Assembly Member Frommer**

February 22, 2005

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An act to amend Sections 1339.56, ~~1339.57~~, and 1339.59 of, ~~and to~~ add Section 1339.585 to, *and to repeal and add Section 1339.57 of*, the Health and Safety Code, relating to the Payers' Bill of Rights.

LEGISLATIVE COUNSEL'S DIGEST

AB 1045, as amended, Frommer. Payers' Bill of Rights: procedure charges.

Existing law provides for the licensure and regulation of health facilities by the State Department of Health Services. A violation of those provisions is a misdemeanor.

The existing Payers' Bill of Rights requires each hospital to compile a list of the charges for 25 services or procedures commonly charged to patients. Beginning July 1, 2004, existing law requires each hospital to make that list available to any person upon request and to file the list annually with the office.

This bill would require each hospital to additionally compile a list of the average charges for its 25 most common *outpatient procedures* *and its 25 most common* inpatient procedures ~~and its 25 most common outpatient procedures~~, as grouped by Medicare ~~diagnosis-related~~ *diagnostic-related* group (DRG). The bill would require each hospital to provide copies of both lists to any person upon request and file them annually with the office.

Existing law authorizes the Office of Statewide Health Planning and Development to compile a list of the 10 most common Medicare ~~diagnostic-related groups (DRGs)~~ *DRGs* and the average charge for

each of these DRGs per hospital and to publish that information on its Internet Web site.

This bill would *repeal those provisions and would instead* require the office to ~~compile a list of the 25 most common inpatient procedures and the 25 most common outpatient procedures, as grouped by Medicare DRG, performed in hospitals in California, and a list of the average charges for those procedures per hospital. The bill would require the office to publish that information on its Web site.~~ *create a database and develop an online query system that lists the average charges for at least the 25 most common inpatient procedures, as grouped by Medicare DRG, and the average charges for at least the 25 most common outpatient procedures. The bill would require the office to update the database at least annually and publish the database on its Internet Web site.*

*Except for the provision of emergency services, this bill would require a hospital, upon a person's request, to provide the person with a written estimate of charges for the health care services, procedures, or supplies that are reasonably expected to be provided and billed to the person by the hospital.*

This bill would provide that any hospital that does not file the information required by the Payers' Bill of Rights may be liable for civil penalties.

By changing existing duties of a hospital, the bill would change the definition of a crime, and would thereby impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1339.56 of the Health and Safety Code
- 2 is amended to read:

1 1339.56. (a) Each hospital shall compile a list of the charges  
2 for 25 services or procedures commonly charged to patients.

3 ~~Each~~

4 (b) *Each hospital shall compile a list of the average charges*  
5 *for its 25 most common outpatient procedures.*

6 (c) *Each hospital shall compile a list of the average charges*  
7 *for its 25 most common inpatient procedures and its 25 most*  
8 *common outpatient procedures, as grouped by Medicare*  
9 *diagnosis-related group. Beginning July 1, 2004, each hospital*  
10 *diagnostic-related group, as developed by the office pursuant to*  
11 *Section 1339.57.*

12 (d) *Each hospital shall provide a copy of these lists to any*  
13 *person upon request. Each hospital shall file these lists the lists*  
14 *specified in subdivisions (a) and (b) annually with the office, in a*  
15 *form prescribed by the office, along with the charge description*  
16 *master. After reviewing hospital filings, the*

17 (e) *The office may develop a uniform reporting form for the*  
18 *25 services or procedures most commonly charged to patients,*  
19 *may require hospitals to file this form with the office in a form*  
20 *prescribed by the office, and may require hospitals to provide*  
21 *patients with the charges for these 25 services or procedures.*

22 SEC. 2. ~~Section 1339.57 of the Health and Safety Code is~~  
23 ~~amended to read:~~

24 ~~1339.57. The office shall may compile a list of the 25 most~~  
25 ~~common inpatient procedures and the 25 most common~~  
26 ~~outpatient procedures, as grouped by Medicare~~  
27 ~~diagnostic-related group, performed in hospitals in California.~~  
28 ~~The office shall compile a list of the average charges for these~~  
29 ~~procedures per hospital and shall publish this information on its~~  
30 ~~Internet Web site.~~

31 SEC. 3. ~~Section 1339.585 is added to the Health and Safety~~  
32 ~~Code, to read:~~

33 ~~1339.585. Upon admission of a patient and at the patient's~~  
34 ~~request, the hospital shall provide a written estimate of the~~  
35 ~~hospital's charges for the care that the patient is expected to~~  
36 ~~receive.~~

37 SEC. 2. *Section 1339.57 of the Health and Safety Code is*  
38 *repealed.*

39 ~~1339.57. The office may compile a list of the 10 most~~  
40 ~~common Medicare diagnostic related groups (DRGs) and the~~

1 ~~average charge for each of these DRGs per hospital. The office~~  
2 ~~may publish this information on its Internet Web site.~~

3 *SEC. 3. Section 1339.57 is added to the Health and Safety*  
4 *Code, to read:*

5 *1339.57. The office shall create a database and develop an*  
6 *online query system that lists the average charges for at least the*  
7 *25 most common inpatient procedures, as grouped by Medicare*  
8 *diagnostic-related group, and the average charges for at least*  
9 *the 25 most common outpatient procedures. The database shall*  
10 *contain the average charges for these procedures for each*  
11 *hospital in the state and shall be updated at least annually. The*  
12 *office shall publish this database on its Internet Web site. The*  
13 *director may add to the database other information about*  
14 *hospital charges as necessary to help consumers, purchasers,*  
15 *and providers understand the cost of health care.*

16 *SEC. 4. Section 1339.585 is added to the Health and Safety*  
17 *Code, to read:*

18 *1339.585. Upon a person's request, a hospital shall provide*  
19 *the person with a written estimate of charges for the health care*  
20 *services, procedures, or supplies that are reasonably expected to*  
21 *be provided and billed to the person by the hospital. The hospital*  
22 *may provide this estimate during normal business office hours.*  
23 *This section shall not apply to emergency services provided to a*  
24 *person pursuant to Section 1317.*

25 ~~SEC. 4.~~

26 *SEC. 5. Section 1339.59 of the Health and Safety Code is*  
27 *amended to read:*

28 *1339.59. (a) A hospital shall be in violation of this article if*  
29 *it knowingly or negligently fails to comply with the requirements*  
30 *of this article.*

31 ~~(b) In addition to any other penalty specified in this chapter, a~~  
32 *A hospital that does not file with the office the information*  
33 *required by this article may be liable for civil penalties as*  
34 *specified in Section 128770.*

35 ~~SEC. 5.~~

36 *SEC. 6. No reimbursement is required by this act pursuant to*  
37 *Section 6 of Article XIII B of the California Constitution because*  
38 *the only costs that may be incurred by a local agency or school*  
39 *district will be incurred because this act creates a new crime or*  
40 *infraction, eliminates a crime or infraction, or changes the*

1 penalty for a crime or infraction, within the meaning of Section  
2 17556 of the Government Code, or changes the definition of a  
3 crime within the meaning of Section 6 of Article XIII B of the  
4 California Constitution.

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